WELLS RURAL ELEC. CO.

Wells Rural Electric Company

PO Box 365 • Wells, NV 89835-0365 • (775)752-3328 • www.wrec.coop

May 14, 2026

Kim Thompson
Vice President, Requirements Marketing
Bonneville Power Administration
P. O. Box 3621
Portland, Oregon 97208-3621
post2028@bpa.gov

RE: Wells Rural Electric Company Invokes CHWM Dispute Resolution

Dear Ms. Thompson:

With this letter, Wells Rural Electric Company ("WREC") invokes dispute resolution with a third-party neutral pursuant to Section 2.1.1 of the Contract High Water Mark ("CHWM") Implementation Policy published on August 14, 2025, on behalf of WREC's largest member, Nevada Gold Mines, LLC ("NGM").

Background

WREC is a rural electric cooperative which serves 6,000 member accounts in northeastern Nevada and part of Tooele County in Utah. On December 3, 2008, BPA and WREC entered into a Power Sale Agreement, Contract No. 09PB-13131, ("Agreement") which expires on September 30, 2028. In that Agreement BPA established a CHWM for WREC's annual energy consumption of 97.2 average MW ("aMW").

BPA's preliminary CHWM calculation, issued March 21, 2024, resulted in an allocation of 82.89 aMW to WREC. WREC subsequently submitted a request for economic adjustment (Exhibit A) pursuant to Section 2.4.1.2 of BPA's Provider of Choice Policy published March 2024. That provision states: "The economic adjustment accounts for economic impacts (i.e., reduction in load due to high inflationary prices) to an individual retail consumer…" Rather than applying this provision as written, BPA recharacterized the policy's intent, asserting it was designed to address only "a single isolated load." BPA staff then identified a single NGM point of delivery as potentially qualifying for the economic adjustment (Exhibit B). On May 4, 2026, BPA posted its preliminary final CHWMs, resulting in a CHWM of 83.885 aMW for WREC.

Relevant Facts

BPA's Reinterpretation of "Individual Retail Consumer" Is Inconsistent with the Policy's Plain Language

The Provider of Choice Policy applies the economic adjustment to "an individual retail consumer." NGM is precisely that — a single retail member which receives service at multiple locations within WREC's service territory. BPA's substitution of "a single isolated load" for "an individual retail consumer" is a post-hoc revision of its own policy language, not a reasonable interpretation of it. BPA may not narrow a policy provision through administrative recharacterization after a member has relied on that provision in submitting its adjustment request.

BPA's Reliance on "New Large Single Load" Principles and Points of Delivery is Inappropriate

BPA's conflation of two distinct regulatory frameworks compounds this error. The "New Large Single Load" provision of the Pacific Northwest Electric Power Planning and Conservation Act of 1980 governs only whether energy supplied should be priced at a marginal resource cost-based rate. It has no bearing on how a retail member's load growth is counted for CHWM purposes. Similarly, BPA Power Services' designation of points of delivery is a transmission coordination tool, not a basis for disaggregating the load of an individual retail member. Using either concept to limit NGM's recognized load is without foundation.

NGM's Load Growth at Gold Rush Is Documented, Continuous, and Constrained Only by Factors Outside WREC's Control

NGM's Gold Quarry operations declined in 2023 due to an ore material change and resulting mill closure. That reduction is being offset by load growth at NGM's Gold Rush mine, which has been served from an NV Energy distribution circuit since August 2018. The following table reflects eight consecutive years of measured, metered consumption at Gold Rush:

Fiscal Year	Energy (kWh)	Power (aMW)
FY2018	173,182	0.12
FY2019	3,245,836	0.37
FY2020	5,281,018	0.60
FY2021	10,014,375	1.14
FY2022	15,375,782	1.76
FY2023	19,268,881	2.20
FY2024	26,370,737	3.00
FY2025	33,863,884	3.87
FY2026-(7 mos.)	31,421,802	6.23

This trajectory is not speculative — it reflects steady, year-over-year growth since the mine's energization. Full ramp-up has been delayed solely by transmission line permitting timelines and NV Energy construction resource constraints, both entirely outside NGM's and WREC's control.

In 2019, BPA Transfer Services submitted a 28 MW load service request to NV Energy for the Gold Rush mine, with service anticipated to commence October 1, 2022 (Exhibit C). NV Energy's 2020 Transmission Load Study identified the need for new transmission facilities to accommodate this load (Exhibit D). Absent transmission constraints, Gold Rush load would have ramped to approximately 5–11 MW during FY2023, with projected annual load of approximately 6.5 aMW — 4.3 aMW above what was actually recorded. In June 2023, NGM refined its load estimate to a peak of 17.56 MW and annual energy of 16.16 aMW. Even accounting for the delays caused by permitting and construction constraints, Gold Rush is expected to reach full operation — and 16.16 aMW — before the start of FY2029, well within the term of WREC's current Agreement and prior to the commencement of any successor power supply contract.

Relief Requested

WREC respectfully requests that a third-party neutral:

1. Review BPA's application of the economic adjustment provision under Section 2.4.1.2 of the Provider of Choice Policy, and determine whether BPA's substitution of "a single isolated load" for the Policy's actual language, "an individual retail consumer," is consistent with the Policy as written;
2. Review BPA's CHWM calculation methodology as applied to WREC, including BPA's use of New Large Single Load principles and point-of-delivery designations as bases for disaggregating NGM's load; and
3. Determine an appropriate CHWM allocation for WREC that accurately reflects both actual consumption and the reasonably anticipated load growth at NGM's Gold Rush facility, consistent with the documented 16.16 aMW projection.

WREC is prepared to provide any additional documentation, data, or testimony necessary to support this review and welcomes the opportunity to resolve this matter promptly.

Respectfully submitted,

Thad S Ballard
Chief Executive Officer

WELLS RURAL ELEC. CO.

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September 30, 2024

Kim Thompson
Vice President, Requirements Marketing
Bonneville Power Administration
P. O. Box 3621
Portland, Oregon 97208-3621

RE: Request for Economic Adjustment

Dear Kim:

The Bonneville Power Administration ("Bonneville") Provider of Choice Policy provides for a one-time increase to Wells Rural Electric Company's ("WREC") Total Retail Load ("TRL") in the Contract High Water Mark ("CHWM") calculation through an economic adjustment, Record of Decision section 2.4.1.2. This economic adjustment requires WREC to request this one-time increase of the TRL for an individual retail consumer which in fiscal year ("FY") 2023 operated below the consumer's highest 12-month consecutive load for the period of FY 2018 through FY 2022 (historical high load). To qualify, WREC must have:

1. A single retail consumer load that in FY 2023 is at least 5 aMW below its historical high load, or
2. The consumer's lost load in FY 2023 represents a 10% reduction of the customer's TRL relative to the highest 12-month consecutive TRL from FY 2018 through FY 2022.

Nevada Gold Mines ("NGM") is a single retail consumer that operates Gold Quarry and Gold Rush mines and is developing the Long Canyon mine within the WREC service area that experienced economic impacts in FY 2023. In addition to supplying the active mines, WREC supplies NGM pumps to dewater the Cortez Mine, the Dry Hills point of delivery. The NGM management team directs their resources among these mines based on each mine's ore metallurgy, use permits, and economic conditions. The average annual demands for these loads are shown in Table 1 on page 2.

Bonneville should compute the WREC maximum TRL economic adjustment based on the NGM TRL. The highest NGM TRL within the defined period occurred in FY 2018 and summed to 54.657 aMW. The FY 2023 NGM TRL average demand was 43.365 MW. This average demand reduction of 11.292 aMW, as shown in Table 1, is greater than 5 aMW and represents a 20.7 percent reduction qualifying WREC for an economic adjustment under both requirements.

Table 1 NGM Retail Load

Fiscal Year	2018		2023	
NGM Service	Energy	Average Demand	Energy	Average Demand
Gold Quarry	474,475,348	54.164	354,012,706	40.412
Long Canyon	4,143,036	0.473	3,157,423	0.360
Dry Hills	0	0	3,297,482	0.376
Gold Rush	0	0	19,405,452	2.215
Total	478,618,384	54.657	379,873,063	43.365
Total Demand Reduction		11.292		

WREC and NGM understand that the policy also includes the monitoring of qualified loads during FY 2024 and FY 2025 to establish the highest 12-month consecutive load for determining the Provider of Choice Policy contract CHWM load adjustment.

If I can provide additional information, or offer clarification, I hope that you will contact me by calling 775-275-0474 or by sending email to tballard@wrec.coop.

Respectfully submitted,

Thad S Ballard
Chief Executive Officer

Exhibit B - BPA Response to WREC's Request for an Economic Adjustment

From: Burczak,Sarah E (BPA) - PS-6 <seburczak@bpa.gov>
Sent: Thursday, December 12, 2024 1:02 PM
To: Thad Ballard <tballard@wrec.coop>
Cc: Schwendiman,Celeste M (BPA) - PSE-BOISE <cmschwendiman@bpa.gov>; Huebner,Gregory A (BPA) - PSW-SEATTLE <gahuebner@bpa.gov>
Subject: BPA Assessment of Economic Adjustment Request for Provider of Choice CHWM

Good afternoon –

Bonneville staff have reviewed your request for the FY 2026 CHWM calculation's economic adjustment to total retail load. WREC had requested that Bonneville consider all of Nevada Gold Mine's (NGM) loads to be considered one single retail consumer load for purposes of the economic adjustment. Bonneville staff have reviewed the request in light of the Provider of Choice Policy and the accompanying record of decision. The intent of the economic adjustment was to account for a single isolated load. The NGM loads are not co-located within a complex and instead are on separate points of delivery and miles apart. In addition, for purposes of determining new large single load status, these loads are separately metered and monitored. This does not meet that intent of an isolated load. Therefore, Bonneville will not grant WREC a potential economic adjustment based on the submitted request.

However, based on provided the data, it does appear that Gold Quarry could qualify the economic adjustment. Bonneville would need monthly data from October 2017 through September 2023 to complete the analysis. If there are Bonneville meters on the load, then staff would use those. Otherwise WREC will be required to supply that data. If you have any follow up questions, I will be out Friday Dec. 13 and Monday Dec. 16. Celeste or Greg may be able to assist with clarifications or I will assist when I get back next week.

Please let us know if you wish to move forward with the economic adjustment for the Gold Rush mine or if you would prefer to withdraw your request.

Thank you,
Sarah

Sarah Burczak
Provider of Choice Policy Lead | NW Requirements Marketing
BONNEVILLE POWER ADMINISTRATION
seburczak@bpa.gov | O: 503-230-3264 | C: 971-227-1804

PROJECT DATA		
Project Name: Goldrush Phase II POD		
GPS Coordinates[5]: Lat. -40 deg 8' 11.411" N, Long. -116 deg 35' 7.340"W	Attach a geographic map which shows the proposed project	
(APN) Assessor Parcel Number:		
Project Description from Applicant (Full Build-Out): The last Facilities Study completed by NV Energy had the new 120 KV line tapping the existing NVE-owned #169 line, including a new NVE-owned switching station. Wells will design, construct and own the new 120 KV transmission line beginning at an NVE-owned dead-end structure located just outside the new switching station, along with any facilities located in Wells' service territory that are required to serve the new mine load. This new POD will be located very near the existing Goldrush PH1 POD (4496 Goldrush 13.8 kV POD), and will then serve this 5 MW load. *(Include project layout, options to study, reliability requirements, long-term (20 year) forecast, attach an electrical oneline)*		
Requested Point of Interconnection: See above		
Requested In-Service Date: Fourth Quarter October 1st 2022		
Will the customer own a substation? YES or N		
If Yes:	GPS of Substation[5]: Lat 40°8' 11.411" N Long 116°35' 7.340"W	Max Transformer 2x20 MVA

LOAD DATA			
Existing Peak Load (MW & MVAR): N/A *If applicable.*	**Largest Motor Data**		
Proposed Peak Load (MW & MVAR): 28 MW *List the total load without capacitive support.*	**Starting Method**	**HP**	**Inrush (MW&MVAR)**
Proposed Reactive Compensation (MVAR): *If applicable.*	VFD	1500	126 amps x13.8 KV
Induction Furnaces: Y or N *(If Y, Include Specifications)*	Reduced Voltage Soft-Start	N	
Arcing Devices: Y or N *(If Y, Include Specifications)*			
Onsite Generation: Y or N *(If Y, Type and MW)*	Electronic Drive	N	
Maximum load fluctuation and frequency (Shovels, Roll Mills, Other facilities with cycles, Startup of Load): No Load fluctuation *(Example: John Smith's mine load with shovels will fluctuate from 10MW/5MVAR to 2MW/1MVAR every 30 seconds)*			

MW Forecast											
					2022	2023	2024	2025	2026	2027	2028
					5	11	11	12	16	20	28

[5] GPS Coordinates must be provided in Decimal Degrees

Purpose

Bonneville Power Administration (BPA) has requested a load addition to the #169 Falcon – Cortez 120 kV line. The total load request is for 28 MW, a 26 MW increase from the existing 2 MW load. This study evaluates the capability of the existing transmission system to serve the proposed load addition. Where the transmission system is inadequate to support the proposed load, scope and cost estimates are provided for the necessary upgrades.

Background

Load Description from Customer

BPA has requested a total of 28 MW of load at 95% lagging power factor.

BPA has instructed NV Energy (NVE) to use the following assumptions for customer owned equipment:

1. The #169 line extension will be 6.8 miles of 477 ACSR "Hawk" conductor, with single pole construction
2. The 120/13.8 kV distribution XFMRs will be 2x20 MVA, Z = 8%

BPA has provided motor starting data for the following large motor:

1. 1500 HP Variable Frequency Drive (VFD)
    a. Inrush: 126 A @ 13.8 kV (3 MVA)

Results

System Performance

#169 Falcon – Cortez Line Extension

The 28 MW of requested load can be served via the 120 kV system by extending the #169 line to the customer site assuming the 6.8 mile line route provided by the customer assuming the following upgrades:

- Construct NVE owned 120 kV substation at line tap
    - Four (4) 120 kV breaker addition in ring configuration, expandable to future breaker and a half
    - Line fold of existing #169 line
    - Associated re-termination of existing 120 kV lines
    - 12 MVAR switched shunt capacitor addition
    - 6 MVAR switched shunt capacitor addition
- Install 120 kV metering at customer substation
- Customer must construct 120 kV line to interconnect to new NVE owned substation
- Customer owned transformer to be equipped with load tap changing capability of +/- 10% to regulate the transformer secondary voltage

Motor Start Performance

Motor start analysis resulted in a maximum flicker of 0.92% on NVE's system measured at the 120 kV tap of the #169 line assuming the 3 MVA inrush provided by the customer.